The EI Family Supplement and Relative Income in Two-earner Families with Children

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Abstract

The purpose of the present report is to contribute to a better understanding of how women and men are adjusting to changes in benefit levels as a result of the *Employment Insurance (EI) Act*. Specifically, we investigate the relative incomes of wives and husbands, paying particular attention to couples with children. The main focus of attention here is the EI Family Supplement (FS), with special reference to two-earner families with children.

Early administrative data indicate that the FS has provided a substantially higher income top-up to eligible individuals. However, a gender impact analysis should also take into account the situations of ineligible individuals, as well as those of eligible individuals. It is at the line between eligibility and ineligibility that the issues addressed in the present report arise.

The report uses 1997 data from the Canadian Out of Employment Panel (COEP) Survey, together with administrative data from Human Resources Development Canada's (HRDC) employment insurance files, to analyze the situations of husbands and wives in families where there has been an employment separation. The empirical foundation is a National Database of 26,384 survey respondents, which was produced by integrating data from seven COEP cohorts that were all interviewed at some time during 1997. From this sample, a subsample of individuals in couples was selected. The subsample, which is the basis for the analysis in this report, consists of 12,773 persons who experienced a job separation and who had a co-resident spouse at the time of interview in a household that did not contain any other adults. In order to examine potential implications of the EI program for families, the principal factors analyzed are as follows: EI benefits filtering, FS filtering, relative income, financial dependence and economic stress. The report contains 17 tables.

1. Introduction: EI Family Supplement Evaluation

The subject of the present report is the potential impact of the *Employment Insurance (EI) Act* upon financial relationships between spouses. The purpose of this report is to contribute to a better understanding of how women and men in couples are adjusting to changes in income benefits, as a result of the introduction of the *Act*.

A policy tension may be developing in Canada between the desire to strengthen the economic and social equality of women as independent persons, on the one hand, and the trend toward targeting income transfer benefits according to low family income, on the other hand. The *EI Act* is an important piece of legislation in which to examine this issue. The new EI program is intended to deliver a larger benefit to those families who are most in need. However, it might also have the unintended effect of failing to sustain the personal autonomy of some women, by reinforcing their financial dependence upon their partners.

The specific feature of the *EI Act* that is of interest here is the Family Supplement (FS). The FS is of special interest because it is a targeted income support. Human Resources Development Canada (HRDC) predicted that FS claimants in two-parent families with children who have family incomes below $26,000 would receive an increase in benefits of 6 percent on average (Human Resources Development Canada, 1996). Early administrative data indicate that the FS has provided a substantially higher income top-up to eligible individuals (Canada Employment Insurance Commission, 1998). However, any evaluation of EI should also take into account the situations of ineligible individuals, in order to determine how well the program is serving individual Canadians.

Eligibility for the FS of an unemployed person living with a spouse, as well as the amount of any benefit paid, depends on the couple's combined family income. This feature of the EI program raises the possibility that low-earning spouses (who are mainly women) may be denied the higher FS rate on the basis of their partners' larger earnings. There are two direct consequences and one indirect consequence of this situation that may be of concern.

First, it is possible that wives with children who do not benefit from the FS rate could have personal incomes that are very low relative to their husbands' personal incomes. This could lead them to occupy a position of lesser importance within the family economy. Second, it is also possible that wives in the latter situation might become financially dependent upon their husbands, so that they lose some measure of personal autonomy. And, third, if wives with low personal incomes occupy a lesser economic position within the family, and especially if they are financially dependent upon their spouses, then they could have less access to the resources that they need to provide for their children. For all three of these reasons, it is desirable to conduct a gender-sensitive analysis of the FS.

1.1 The EI Family Supplement

The EI program that we have today was a major feature of the restructuring of the welfare state that occurred in Canada during the 1990s. Reforming social security had a number of objectives. These objectives included lower program costs, increased labour force participation, greater labour market efficiency and the protection of groups who are economically vulnerable because they are marginal to the labour market (Government of Canada, 1994). Among these vulnerable groups, children emerged as a special priority in the 1990s due to increased concern about child poverty (Cheal, 1996; Hay, 1997). That concern was qualified in EI reform by other concerns about some mothers who had a high level of Unemployment Insurance (UI) usage and who were thought to prefer part-year work because their children were out of school in the summers (Nakamura, 1995).

EI and the FS are intended to provide income support for those individuals who had relatively stable earnings prior to job separations. In particular, the FS is designed to provide an additional top-up to the insurance for low-income families and to better target these families. Neither of these programs was intended to alter intra-family dynamics or to alleviate poverty. The changes made to the insurance system were principally intended to help encourage stronger attachment to the labour force. At the same time, it is legitimate to ask how well these important programs serve social goals as well as economic goals (Lochhead, 1998).

The goal of economic stability for children has been expressed mainly in the form of targeted supports for selected families with children. The amount of targeted transfer payments is determined, in whole or in part, by family need as determined by the size of family income relative to the number of dependent children. The model program here is the Child Tax Benefit (CTB), implemented in 1993.[1] The CTB has been used as an administrative platform from which other income transfers for children, such as the FS, are delivered.

At the end of 1995, the Minister of Human Resources Development proposed a structural reform of the EI system, including an FS intended to provide additional benefits for low-income families with children (Human Resources Development Canada, 1995). Under the UI program as it existed in 1994-95, UI benefits were based on a dual-rate scheme. Most claimants were eligible for an earnings replacement rate of 55 percent, while those with low earnings and with dependants were eligible for a 60 percent rate. It seems that the UI Dependency Benefit Rate (DR) was mainly of assistance to women. A study of the 1995

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1 The basic amount of the Child Tax Benefit is calculated from family net income and the number of children under age 18. This benefit is paid to the person who is primarily responsible for the care and upbringing of the child, usually the mother. In order to receive the benefit, the primary caregiver and her spouse must both file income tax returns. For the purposes of income tax and tax benefits, the term *spouse* refers to a legally married spouse or a common-law spouse. A common-law spouse is deemed to be a person of the opposite sex from the reference person, who is living with the reference person in a common-law relationship and who either 1) is the natural or adoptive parent of the reference person's child, or 2) has been living with the reference person in a common-law relationship for at least 12 continuous months, or had previously lived with the reference person in such a relationship for at least 12 continuous months, including any period of separation lasting less than 90 days (Revenue Canada, 1996).

Canadian Out of Employment Panel (COEP) Survey found that under the UI program, about one-quarter of women receiving UI were eligible for the higher DR compared with only about 6 percent of men (Browning, 1998).

The DR was based on the level of the claimant's weekly earnings when employed. It did not take into account the claimant's annual income, or the spouse's income, or the number of children. In order to deliver larger benefits to those families who are most in need, the Minister of Human Resources Development replaced the 60 percent DR with a FS that is better targeted to low-income families.[2]

The restructured EI program was implemented in January 1997, with provisions for phasing in an enhanced FS benefit rate. The basic benefit rate remains at 55 percent of average insured earnings,[3] up to a maximum of $413 per week. Claimants with children are eligible for a higher benefit rate, if they have a family net income of less than $25,921 *and* they receive the CTB. The amount of the FS entitlement is equivalent to the amount of the CTB received, subject to an FS rate cap. For 1997, the full FS rate was 65 percent for claimants with a family net income below $20,921. The FS rate is pro-rated for claimants with family net incomes between $20,921 and $25,921, falling by 2 percent for each $100 above $20,921 (Human Resources Development Canada, 1997). The FS rate cap is scheduled to be raised over four years, and in the year 2000 the highest EI benefit rate will be 80 percent of average insured earnings, subject to the weekly benefit ceiling. (The maximum EI weekly benefit is projected to stay at $413 until the end of the year 2000.)

1.2 Gender Issues

The *EI Act* is a fundamental restructuring of the old UI program, resulting in higher benefits for some people and lower benefits for other people. Among those expected to gain are claimants who were earning relatively high wages before losing their jobs, but whose family income over the previous year was low compared with that of other families (Human Resources Development Canada, 1995). On the other hand, some people who would have received the old DR will not qualify for the new FS. The economic and social effects of not receiving the FS therefore deserve some attention.

The purpose of the present report is to contribute to a better understanding of how individuals are adjusting to changes in income insurance benefit levels as a result of the *EI Act*. Specifically, we will investigate the relative incomes of husbands and wives in two-earner families and consider possible implications for program development. Eligibility for the FS, unlike the previous DR, is based on family net income. Because men

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2 The policy change from the DR to the FS is supported by Martin Browning's (1998) conclusion, based on his analysis of the 1995 Canadian Out of Employment Panel Survey, that 77 percent of those claimants who were married and eligible for the higher UI benefit rate did not truly "need" it since their spouse was employed.

3 The EI benefit rate can be reduced as a result of the application of the "intensity rule." The intensity rule reduces the benefit rate by 1 percent for every 20 weeks of regular benefits collected over the previous five years. The maximum reduction is 5 percent (i.e., from a basic rate of 55 percent down to 50 percent). Individuals who receive the FS are exempt from the intensity rule.

typically have higher incomes, women could be more likely to lose FS eligibility. In turn, this might increase women's financial dependence on their husbands, with negative implications for their influence on family decisions. The present report will therefore undertake a gender analysis of the EI program with special attention to the question of financial dependence in marriage.

Leah Vosko (1995) argues that income testing in the restructured unemployment insurance system is highly gendered, because it implicitly assumes a particular family structure, namely a nuclear family with a primary (male) breadwinner. Within this structure, women are presumed to be formally equal partners who are entitled to a substantial portion of the family income. However, Vosko suggests that women do not necessarily have their own financial resources in families with adequate incomes, due to unequal income distribution. Therefore, she claims that income testing reproduces dependency at home for female claimants when unemployed workers must rely on spousal support.

More seriously, there is the additional possibility that certain program designs may not merely reflect existing income inequalities, but they may actually accentuate them. That is to say, if a category of persons (such as women) who have fewer resources are more likely to be deemed ineligible than another category of persons (such as men) having more resources, then the program design would in fact create a new inequity. A government program should ensure that it accomplishes its intended goal and at the same time does not have any strongly adverse effects on any single social group.

The final problem recommended for investigation is the potential impact of unequal gender resource distributions upon the social distribution of life chances. This is a topic of special interest in light of public concerns about child poverty, as women tend to have more continuous responsibilities for the day-to-day care and maintenance of children than do men. It is sometimes suggested that gender inequalities in income distribution can have negative implications, not only for the well-being of women, but also for the well-being of children. Gender gaps in income are therefore a matter of public concern today (Federal-Provincial/Territorial Ministers Responsible for the Status of Women, 1997).

2. Methodology

The data for the research to be reported here are mainly drawn from the Canadian Out of Employment Panel (COEP) Survey, which is managed by HRDC. The COEP Survey collects information on individuals who have had an employment interruption, which may result in a change of employer or a spell of unemployment. Data are collected from all the provinces and territories, then weighted to represent the national population. The present analysis will be carried out at the national level, in order to maximize the number of cases in selected categories such as unemployed wives in two-earner families with children.

The COEP Survey participants are selected from HRDC's administrative file of Records of Employment (ROE), submitted by employers following a job separation. Each survey participant is interviewed twice: first, about one year after the job separation, and then again 9 to 10 months later.[4] (Most of the questions asked in the two interview waves are the same, or similar, but there were some additions and deletions of survey items, as noted below.) About 4,000 individuals are selected to be interviewed every quarter, in a total of 10 cohorts, so altogether approximately 40,000 Canadians will be surveyed. The database analyzed for the present report utilizes about two-thirds of the potential sample size.

The focus of the present study is on all persons who are living with a spouse or partner, whether that is in a legal marriage, a common law relationship or some shorter-term cohabitation. In order to avoid any misunderstanding that might arise from using the term "married" to refer to these various relationships, the generic term "couples" will be used to describe this set of domestic arrangements.

2.1 Research Objectives

The research objectives for this study are, first, to compare females and males in couples, in different employment situations, and with and without children; second, to describe some relevant characteristics of two-earner families with children; and, third, to answer certain specific research questions about the FS.

The first of these objectives involves comparing selected categories of persons in couples, at three levels of analysis: gender, employment status and presence or absence of children. The intent here is to provide a baseline description of similarities and differences between wives and husbands, and to show how they are related to different employment situations and to different child-rearing contexts.

Next, the report will look specifically at two-earner couples with children, since this group seems most likely to have been negatively affected by the introduction of the FS. Here,

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4 One consequence of the COEP Survey design is that data on people who were currently unemployed at the time of interview only apply to people who had either been unemployed for a year or more, or who had been re-employed and then lost their employment again. Conclusions about the effects of unemployment therefore cannot be generalized to the entire population of unemployed persons. This study contains preliminary estimates that may be subject to revision.

we will consider whether there is any evidence that might justify special concerns about gender inequity arising from couples' interactions with the EI program.

The report then turns from general questions about gender differences to look specifically at the FS. Following a review of research issues, it describes how many claimants in two-earner families with children receive the FS and how many do not. Of particular interest here is the proportion of women who are non-recipients compared with the proportion of men. Potential implications of the gender distribution of the FS for relative incomes in couples, for financial dependence between spouses and for the well-being of children are discussed.

2.2 Research Procedures

COEP Survey data will be analyzed from seven cohorts interviewed in 1997, when survey cohorts 1 to 7 had their first experience with the FS. This strategy provides an interesting opportunity to study the financial situations of EI claimants' families, following the implementation of the FS in January 1997. The seven cohorts to be studied are as follows: 1) cohort 4, interview 1, February 1997; 2) cohort 1, interview 2, March 1997; 3) cohort 5, interview 1, May 1997; 4) cohort 2, interview 2, June 1997; 5) cohort 6, interview 1, September 1997; 6) cohort 3, interview 2, October 1997; 7) cohort 7, interview 1, November 1997. Data and documentation for these interviews were received from the distributor designated by HRDC, Lars Vilhuber at York University.

The present research analysis has a special focus on the financial position of women in couples with children. In order to have an adequate number of cases with which to study this group, data from the seven interview waves listed above were first combined into one integrated file. The total number of survey respondents in the 1997 COEP National Database is 26,384. From that pool, a subsample of 12,773 persons living in couples was selected for analysis. Not all earners living in couples were included in the subsample, because some couples live in households that contain other adults (which may include children aged 18 or older). Many of these adults are also likely to be earning, and their earnings will inflate the total household income, thereby making it difficult to compare the relative incomes of husbands and wives as measured here. For this reason, it was decided to restrict the subsample to couples who were either living on their own or only had children living with them who were under age 18.[5] Of this subsample of persons in couples, 49.3 percent are female and 50.7 percent are male.[6]

The COEP database used here resembles a conventional cross-sectional survey data file, which is representative of individuals who have separated from their jobs. However, there

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5 Three percent of subsample households nevertheless contain an employed person who is neither the respondent nor her or his spouse. Presumably these additional workers are children aged 15 to 17. Because the incomes of such workers are generally quite low, these households were not removed from the subsample.

6 All estimates in this report have been calculated from weighted data. COEP sampling weights adjust for non-response, for sample attrition between the first and second interviews, and for deliberate oversampling of EI claimants (Kuhn, 1995). The numbers of COEP respondents reported are, however, given unweighted. They are included here as a basis for judging the volatility of results from this study.

is one noteworthy difference from conventional survey data. In a normal cross-sectional survey, a common set of questions is asked of all respondents in order to produce a uniform set of variables. This was not the case for all of the COEP interviews in 1997. Changes were made to the survey instruments and/or to data-processing procedures between interview waves. Furthermore, some of the potential data could not be released in time for analysis. As a result, relevant variables are not always available for every one of our seven cohorts. Missing data are, therefore, a more serious difficulty for this study than for conventional survey research. It will be necessary to note in several places the number of cohorts for which data are presented.

An integrated database was also created, by merging anonymized data from HRDC's administrative files on EI claims with data from the COEP Survey. All administrative data analyzed in this report are for the period following the implementation of the FS, beginning in January 1997.

The COEP Survey collected information about a wide range of employment and income issues, but unfortunately it did not include any items on the FS. Information about FS status and payments was obtained from HRDC's status vector files for the June 1998 update, and it was added to the COEP National Database.

Administrative data were not available for 923 COEP respondents, representing 7.2 percent of the subsample, mainly because these individuals had not submitted an EI claim. The main limitation of the administrative data is that people who have experienced a job separation must make a claim in order for an EI file to be opened. Not everyone does that, even if they are eligible to apply. Almost all of the COEP respondents who said they were, or had recently been, EI benefit recipients were included in the administrative data. However, people who had not made a recent claim were not always well represented.[7]

Only 0.1 percent of the COEP couples subsample who said they were currently receiving EI payments were missing from the administrative data; and only 0.3 percent of the COEP couples subsample who had received EI since their job separation but whose payments had been discontinued at some point before the interview were lacking such data. Rather more (6.3 percent) of the COEP couples subsample who said they had applied for EI after their job separation, but who did not receive it, were missing from the data. In contrast, substantially greater numbers of people with other job separation histories were not recorded in the administration files. Of the COEP couples subsample respondents who reported being out of work for less than four weeks after their job separation, 16.1 percent had no administrative data. More than one-quarter (26.0 percent) of respondents who had been out of work for four weeks or more, but who were otherwise ineligible for EI, were missing from the administrative data. Finally, administrative data were lacking for almost one-third (32.8 percent) of the COEP couples subsample respondents who were out of

[7] The majority of COEP respondents who did not receive EI benefits in 1997-98 were included in the administrative files because they had made claims in earlier years. Their earlier claims, made during the period prior to the introduction of the FS, are not analyzed here.

work for four weeks or more and who were eligible to apply for but who did not apply for EI.

There are two principal methodological recommendations to be drawn from the nature of EI administrative data. First, HRDC's administrative files clearly need to be supplemented by survey data in order to estimate the extent to which different population categories do, or do not, benefit from the EI program. Second, since the administrative files provide practically complete coverage of EI payments, they can be relied on to provide valid population estimates of EI income transfers. However, that does not necessarily mean that the estimates will always be accurate. The question of accuracy and inaccuracy in the administrative data deserves a separate comment.

One of the most troubling problems in the secondary analysis of data is that of data quality. Errors may occur in the early stages of data collection, or data entry, that are difficult or impossible to catch later. Independent checks on the accuracy of administrative records are therefore needed. However, that requires comparable data, which are often unavailable. In the present study, a straightforward comparison is possible based on the sex of the respondent/claimant. Sex (or gender) is a basic item of personal information that was recorded separately in HRDC's administrative files and in the COEP Survey interviews. When the records were matched, however, they were found to be inconsistent in 5 percent of cases.

For the purposes of the present report, the COEP data on sex of respondent will be used as the preferred source throughout. That is done partly because some administrative files recorded sex as "unknown," and partly because self-reported data can usually be assumed to be more accurate about personal information. In general, the COEP data are used as the preferred source of data whenever alternative procedures are possible.

It is important to keep in mind that if the above consistency check is indicative of data error, then some of the results presented here could have a margin of error of up to 5 percent, independent of any statistical considerations. Therefore, small differences between groups should be treated with caution.

The administrative data on EI benefits analyzed in the present report pertain to claims initiated during the period from January 5, 1997 (i.e., the implementation date of the FS) to the end of June 1998 (when the administrative data set was prepared).[8] All EI files are updated every quarter, and as a result the current status of the claims is effective June 1998. Since COEP respondents were interviewed at various times throughout 1997, the current reference period for the administrative data on EI benefits does not correspond exactly with the current reference periods for the COEP data. It is important to be aware that the time periods for the COEP data and for the administrative data do not necessarily

[8] EI claims data are incomplete for the last annual quarter of our data analysis period (i.e., April to June 1998). That is because there is always some delay in processing claims, and some claims from that quarter would not have been included in the data set until the next update.

match, and care should therefore be exercised in interpreting the findings reported here. Nevertheless, the reference periods of the two data sources are close enough that it is possible to draw some tentative conclusions and to make some policy suggestions.

2.3 Variables

The variables used in this study are mainly derived from the COEP Survey. Additional variables have been created from HRDC's EI claims files, by aggregating the claims data for each individual.[9]

In order to undertake a coherent analysis with the maximum number of cases, every effort has been made to match variables across all seven cohorts. In some instances, this involved modifying COEP variables, or calculating supplementary variables, when appropriate data could be located. In addition, a number of derived variables were produced specifically for this study. Unfortunately, these procedures could not be applied where data do not exist. Some of the information used in this report is therefore available only for certain cohorts and not for others.

This study will mainly involve inter-group comparisons of selected variables among people who have separated from their jobs. There are four key concepts for which measures are presented in this study. They are as follows: benefits filtering, relative income, financial dependence and economic stress.

EI Benefits Filtering

Targeted income transfers such as EI benefits are by definition not received by every member of the population. They are received only by those people who apply for them and meet the qualifying conditions. Factors that limit the number of people receiving a particular benefit can be thought of as a series of filters. These filters progressively select out various groups of non-recipients, leaving only a small group of ultimate program beneficiaries. Any assessment of program equity should clearly pay careful attention to the nature and extent of the filtering mechanisms that arise from a particular program design.

The 1997 COEP survey instruments include several items that can be brought together into a measure of benefits filtering. Regrettably, the available COEP data do not include any item on the FS. Access to this benefit will therefore be described separately below.

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9 The unit of analysis in the COEP Survey is the individual person, whereas in HRDC's administrative files it is the benefit claim. Claims data accessed for the present report were for benefit periods commencing during the years 1990 to 1997; data were also accessed for claims with a benefit period commencing in the first half of 1998. The maximum number of claims made by a member of the COEP couples subsample over this entire period was 11. In the present report, the main interest is in the small number of claims with benefit periods that commenced from the start of 1997 through 1998. The majority of the COEP couples subsample members (55.1 percent) did not make any EI claim during that time. Almost two in five (38.4 percent) made one claim; 6.2 percent made two claims; and less than 1 percent (0.3 percent) made three claims.

At the time of their COEP interviews, the overwhelming majority of people who experienced a recent employment interruption were not receiving EI benefits, for any one of five different reasons. The first group filtered out of EI benefits consisted of people who had only been out of work for less than four weeks.[10] These individuals comprised 29.6 percent of the 1997 COEP couples subsample (28.1 percent of the 1997 COEP National Database). The next group filtered out of EI benefits were those people who had been out of work for four weeks or more, but who were otherwise ineligible under program regulations. This second group comprised 8.2 percent of the 1997 COEP couples subsample (10.0 percent of the 1997 COEP National Database). The third group filtered out of EI benefits consisted of people who had been out of work for four weeks or more and were eligible to apply but did not apply. This group comprised 6.7 percent of the 1997 COEP couples subsample (8.8 percent of the 1997 COEP National Database). The fourth group filtered out of EI benefits applied for EI benefits but did not receive them. They comprised 4 percent of the 1997 COEP couples subsample (5 percent of the 1997 COEP National Database). Finally, the fifth group filtered out of EI benefits consisted of people who had received EI benefits but whose benefits had been discontinued by the time of interview. This was the largest group of all, making up 35.7 percent of the 1997 COEP couples subsample (32.5 percent of the 1997 COEP National Database). At the time of interview, only 15.8 percent of persons in the 1997 COEP couples subsample were still receiving EI benefits (practically identical to the national statistic of 15.5 percent current beneficiaries, estimated from the 1997 COEP National Database).

Family Supplement Filtering

The particular feature of the EI benefit that is of most interest for the present study is the FS benefit rate, as outlined in Section 1.1. Eligibility for the FS rate is subject to several conditions beyond those that apply to the basic EI benefit. These conditions are identified in HRDC's FS Status Code, which was used to create an FS filter variable from aggregated EI claims made during 1997-98.[11]

Very few couples with children under age 18 benefited from the FS in 1997-98. The majority (54.1 percent) of them did not receive the FS simply because they made no EI

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10 Processing benefits claims takes time, and in addition there is a two-week waiting period for which no EI benefits are paid. If a claim is in order, the first EI benefits cheque should be received by the end of the fourth week after the date of application.

11 Some people made more than one EI claim in 1997-98, which complicated the variable construction process. It was necessary to design a protocol to choose which claim should be used to measure an individual's FS status. EI cases were prioritized for the purpose of assigning individuals to a particular value of the FS filter variable. Priority was given to current FS receipt and, failing that, to having received FS and been terminated. This was done in order to ensure that the only people who were identified as non-FS recipients were those who had never received the FS at any time in 1997-98. The FS filter variable used here therefore gives a maximum measurement of the incidence of FS receipt, for the purpose of calculating relative frequencies.

The procedure employed here does not match the time of FS receipt with the time of COEP interview, nor was any attempt made in the exploratory analysis to use only those data for which the COEP and administrative records are consistent. It was found that these additional procedures severely reduced the number of valid FS recipients to a level that was often below the criterion for the construction of relative frequencies tables. More selective procedures are employed in Appendix B, for the purpose of multiple regression. The findings presented in Appendix B should be regarded as the most precise test reported in the present study.

claim from January 5, 1997, through to the middle of 1998.[12] The second largest group filtered out of the FS were people who made a claim after January 5, 1997, but for whom HRDC could find no record of their receiving the CTB. These individuals comprised 37.5 percent of couples with children all under age 18. The group at the next level of FS filtering consists of those persons for whom a CTB match was found, but whose eligibility for the FS rate was questioned on other grounds and who were not awarded the FS rate (although there was a possibility of future FS entitlement). This group of claimants comprised 1.6 percent of couples with children all under age 18. Another 1.0 percent did not receive the FS for a variety of administrative reasons, such as the claim file containing no valid address.[13]

Only 5.8 percent of couples with children all under age 18 received the FS at any time from January 5, 1997, through to June 1998. Most of them (3.8 percent) had received the FS, but their payments had ended by the June 1998 update. Just 2.0 percent of them were receiving the FS in the middle of 1998.[14]

Relative Income

It is possible that income transfer beneficiaries and non-beneficiaries may differ in the share they contribute to household income. Ideally, relative incomes in couples should be measured by comparing the wife's personal income with the husband's personal income. Unfortunately, data on spouse's income was not collected in the COEP survey. The concept of relative income is therefore operationalized here as the fraction of household income that is earned by the respondent. Since the main focus of this report is on the equity position of women within the home, special attention will be paid to those persons who make less than half of the household income.

In the 1997 COEP Survey, relative income is available as a self-reported measure for the period before the ROE job ended. Respondents who stated that they contributed less than half of household income in the period *before* their employment break comprised 37.8 percent of valid responses in the 1997 COEP couples subsample. Relative income has also been calculated from personal income and household income at the time of interview, after the employment interruption.[15] A slightly higher proportion, 42.6 percent,

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12 The relative frequencies in this section are no doubt affected by the research design, as some of the respondents used in this study had their job separation in 1996, and they are most likely to have made an EI claim in that year.

13 Cases where FS was not received due to administrative reasons will be treated as "missing data," and they are dropped from subsequent analyses.

14 Although relative frequencies will no doubt vary due to different research designs, the low level of FS uptake reported here seems likely to be confirmed by the Survey of Employment Insurance Coverage. Few people interviewed in that survey reported that their EI benefits included any income from the EI FS. (Information supplied by Stephan Roller, Statistics Canada Special Surveys Division.)

15 In the COEP Survey, personal income and household income are defined as total income from all sources, including income earned from jobs, pensions, interest, dividends, rents, net farm or business profits, and government benefits such as welfare and UI payments. It should also be noted here that the strength of the conclusions based on the COEP Survey is affected by a comparatively high non-response rate on household income, as can happen in survey research. In the COEP couples subsample, household income data are missing in 13.7 percent of cases. This situation has the potential to affect some of the results, as noted below.

of the 1997 COEP couples subsample were found to earn under half of household income *after* their employment break.

In principle, it should be possible to estimate the amount of change in relative income that occurs as a result of unemployment and subsequent administration of EI benefits. However, caution is necessary in drawing conclusions from COEP data. A self-reported variable and a derived variable do not necessarily measure the same thing, and in this case they generate inconsistent frequency distributions. Furthermore, while the derived measure of relative income for the period after the ROE job ended is available in all seven cohorts, the self-reported measure of relative income for the period before the ROE job ended is available in only four cohorts. Any comparisons between our two relative income variables must therefore be tentative.

Financial Dependence

The concept of financial dependence refers to reliance upon another person's income. This concept can be operationalized in a variety of ways, according to the purposes of the research and the specific data that are available for analysis. For present purposes, financial dependence may be usefully considered as a condition of requiring assistance from a spouse to pay for personal expenses, because they cannot be covered out of personal income. Defined in this way, financial dependence can be considered as one extreme of a variable of personal expenses coverage. Personal expenses coverage refers to the relationship between personal income and personal expenses, and it is measured by subtracting personal expenses from personal income. This relationship may be positive or negative. On the negative side, the larger the amount by which personal income falls below the level of personal expenditures, the greater the extent to which an individual may depend financially upon intra-family transfers in order to make ends meet.

The COEP Survey does not provide a direct measure of a respondent's personal expenses. However, it is possible to provide a crude measure of personal expenses by estimating the amount of household expenses per person. A per-capita household expenses variable was therefore derived by dividing total household expenses by household size. Subtracting per-capita household expenses from personal income yields the variable of personal expenses coverage, that is, the extent to which per-capita household expenses are covered by personal income. Individuals with negative values of personal expenses coverage, whose personal income does not cover their share of household expenses, are deemed to be financially dependent. One in five (20.1 percent) of the 1997 COEP couples subsample were financially dependent, defined in this way.[16]

It might be suspected that some of the people whose personal expenses were not covered by their current personal incomes were not really financially dependent upon their spouses, because they might have been drawing upon other financial sources, such as

16 The present study undoubtedly understates the extent of financial dependence in couples, since data on personal incomes were only collected on incomes before deductions. People pay their expenses out of their disposable income, and net income after deductions would therefore be a more useful statistic here.

borrowed money. That possibility cannot be completely ruled out, but the evidence to support it is limited.

The 1997 COEP Survey asked two kinds of questions about borrowing money, concerning general debts and credit card debts. Unfortunately, these two sets of questions were asked of different cohorts, and neither type of data is available for the entire COEP couples subsample. Analyses of indebtedness in the present study are therefore very restricted. Nevertheless, the results from the two measures are consistent, and they lead to the following conclusions.

The majority of individuals in couples (about 7 in 10) stated that following their job separation their level of indebtedness either remained the same or went down. About 3 in 10 reported that their debts increased. The number does not vary much between the sexes or across different employment and benefit claimant statuses. People classified as financially dependent, according to the method employed here, were overall slightly more likely to have taken on additional debts following their job separation. The difference between them and people who are not classified as financially dependent is sufficiently small, however, that it does not invalidate our measurement of financial dependence.

Among the wives in the COEP couples subsample, 33.5 percent of those who were financially dependent after their job separation reported a general increase in debt (data from three cohorts only), whereas 28.7 percent of those who were not financially dependent reported borrowing more money. Likewise, 32.5 percent of financially dependent husbands reported a general increase in debt, while 29.0 percent of husbands who were not dependent did so. The results are very similar concerning increased credit card debt (data from four cohorts only). Among husbands, 33.1 percent of those who were financially dependent and 31.0 percent of those who were not financially dependent had greater credit card debts after their employment interruption. Among wives, 34.8 percent of those who were financially dependent had increased credit card debt compared with 29.7 percent of those who were not financially dependent.

Financial dependence, as measured here, may mask new uses of sources of money other than current income. But, if so, it does not seem to occur very often.

Economic Stress

It is to be expected that people who experience employment interruptions will often be under stress as a result. Questions about amount of stress, and about the main reason for any stress, were asked of members in three cohorts in the 1997 COEP Survey. Not surprisingly, individuals in those cohorts who reported being under some stress tended to give an economic cause as the main reason. Two in five (40.3 percent) of the respondents in the 1997 COEP couples subsample indicated that an employment separation was a cause of stress. One in four (24.9 percent) cited financial problems as causing stress in their life.

Financially dependent husbands (31.4 percent) and financially dependent wives (29.0 percent) more often cited their finances as a reason for stress than did financially independent spouses. As well, wives making less than half the household income after their employment break were slightly more likely to give their financial situation as a reason for stress than were wives making half or more of the household income (29.0 percent versus 26.0 percent). A little over 3 in 10 wives (31.5 percent) who made less than half of the household income after their employment break, and who were currently receiving EI benefits, reported that their financial affairs were a reason for stress in their lives.

Economic stress arising from financial difficulties can also be measured from COEP Survey data by assessing housing costs as a proportion of household income, as described in Appendix A. Changing patterns of labour force activity, as well as changing income supports, are thought to be key factors in housing affordability problems today (Canada Mortgage and Housing Corporation, 1998). Other costs that are of special relevance to economic stress in families with children are expenditures on food and clothing (see Appendix A).

3. Findings

The 1997 Canadian Out of Employment Panel (COEP) National Database provides information about Canadians who are either currently employed, or who were recently employed, and who have therefore been earning incomes for themselves and for their families. As noted in Section 2.2, a subsample of 12,773 earners living in couples was selected to be studied in the present investigation. Two-fifths of the 1997 COEP couples subsample consists of persons in couples who live on their own; and three-fifths consists of persons in couples who have children living with them who are all under age 18.

One of the most important socio-economic characteristics of the COEP subsample members is obviously their employment status. In this subsample, 28 percent were unemployed at the time of interview, and 72 percent were currently employed. (The relative frequencies for the subsample are very similar to the comparable figures from the 1997 COEP National Database, at 30.2 percent and 69.8 percent respectively).

Also of interest is the fact that more than 7 out of 10 subsample respondents (73 percent) had a spouse who was currently employed. However, there was considerable variation in the prevalence of spousal employment according to gender and the presence or absence of children under age 18. Nine in 10 wives (89.6 percent) with children had an employed spouse; 74.2 percent of wives without children had an employed spouse; 64.5 percent of husbands without children had an employed spouse; and only 61 percent of husbands with children had a spouse who was currently employed.

3.1 Family, Gender, Employment and Income

We are now in a position to begin examining the characteristics of women and men in the 1997 COEP couples subsample, with a view to showing some of the parameters for an evaluation of the Family Supplement (FS). The main emphasis in this section of the report will be on sensitizing the reader to gender issues that may warrant further consideration in discussions of the Employment Insurance (EI) program.

The first task in this section of the report is to describe selected socio-economic characteristics of persons in couples that may interact with FS program criteria in such a way as to influence program outcomes. Second, we will provide a preliminary description of access to EI benefits for which data is available. Third, patterns of relative income and financial dependence in couples will be reported. And, fourth, some information on economic stress will be presented in order to identify issues that may be of practical relevance for public policy.

Socio-Economic Criteria

The FS attempts to implement social policy by incorporating socio-economic criteria into an insurance program. These criteria include the presence or absence of children and the availability and extent of expected spousal financial support. Certain criteria may be of greater benefit to women, and other criteria may be of greater benefit to men.

The FS is designed to deliver higher payments to selected families with children, which could be of special help to women. Wives who had experienced an employment separation were slightly more likely than husbands in the same situation to have children under age 18 living at home (61.8 percent versus 57.2 percent). The difference is even greater among men and women who were still unemployed at the time of interview. Among wives who were currently without employment, 64.1 percent had children under age 18 living with them, but only 46.2 percent of husbands who were without employment had co-resident children who were under 18. Clearly, it could be suggested that a program that targets unemployed persons with children will be of special benefit to women.

On the other hand, income testing for the FS takes into account the income of a spouse, which could result in women receiving lower benefits than men. Wives who experience a job separation are more likely than similarly situated husbands to have a working spouse. In the 1997 COEP couples subsample, there were far more women (83.5 percent) with an employed spouse than there were men (62.2 percent) with an employed spouse. Among wives who were not currently employed following a job separation, a little over three-quarters (77.1 percent) had a spouse who was employed. But among husbands who were not currently employed following a job separation, barely half (49.8 percent) had an employed spouse. The difference is even greater in couples with children, when unemployed wives with children are compared with unemployed husbands with children. Six out of seven (86.5 percent) of the wives with children who were not currently employed had an employed husband. By comparison, only 5 in 10 (51.9 percent) of the husbands with children, who were not currently employed had an employed wife. It might be suggested that an income transfer program for children that provides fewer unemployment benefits to individuals in two-earner couples than to individuals in one-earner couples would also pay proportionately fewer benefits to women than to men.

EI Benefits Access

Unemployed husbands and wives with children were more often in receipt of EI benefits in 1997 than were other couples (see Table 1). By comparison, unemployed husbands and wives without children more often lacked eligibility, and when they were eligible they less often applied for EI benefits. Since unemployed husbands and wives with children are significant recipients of EI benefits, their standard of living and quality of life can be expected to be influenced by the level of EI benefits.

More unemployed husbands with children were currently receiving EI benefits at the time of interview than were unemployed wives with children (50.5 percent versus 35.1 percent). The main reasons for this would seem to be related to program eligibility and benefit duration.[17] Wives who had children and who were unemployed for four weeks

[17] Miles Corak (1994) has concluded from an analysis of Unemployment Insurance (UI) administrative data that, while the average duration of a spell of benefit receipt among men is not affected by the income replacement rate, there is nevertheless a strong effect among women. Females' spells were found to be longer than those of males by about five weeks. That is because females are more likely to find part-time employment and thus to continue in receipt of benefits, whereas males are more likely to take on full-time employment when they find a job. It is interesting to note that the 1997 COEP data presented in Table 1 suggest that, overall, women in couples do not make greater use of EI benefits than do men in couples.

or more were much more likely than husbands in the same situation to be ineligible for EI benefits (21.4 percent versus 8.4 percent). Also, unemployed wives with children who received EI benefits were somewhat more likely than husbands to have their benefits discontinued by the time of interview (28.0 percent versus 19.8 percent). Unemployed husbands with children were more reliant upon EI for current income than were unemployed wives with children. Does this mean that they were better off, on average, or worse off?

Relative Income and Financial Dependence

The average (median) personal income of unemployed husbands with children is considerably higher than that of unemployed wives with children (see Table 2). Despite this advantage, the median total household income for the families of unemployed husbands with children is below that for the families of unemployed wives with children.[18] As a result, the median per-capita income of parents and children in the families of unemployed fathers with spouses is below the median per-capita income for parents and children in the families of unemployed mothers with spouses. If it is a major goal of incomes transfer policy today to raise the per-capita incomes of families with children, then it could be argued that it is the families of unemployed fathers that should be targeted for additional benefits.

On the other hand, any social policy that is intended to improve the equity position of women within the home should address the extremely low relative incomes of unemployed mothers with spouses (see Table 3). The median proportion of household income received by unemployed wives with children is a meagre 13.9 percent. This is much less than the proportion of household income received by other wives with a recent history of labour force participation.

Personal incomes of unemployed wives with children are well below the personal incomes of other economically active wives, and they are far below the personal incomes of any group of economically active husbands. Surprisingly, the median personal income of unemployed husbands with children is four times higher than the median personal income of unemployed wives with children (Table 2). It is these very low personal incomes of unemployed wives with children, rather than any unusual feature of their household incomes, that are directly responsible for the extremely low relative incomes in this group.

The incomes data presented in Tables 2 and 3 suggest that there is a paradox within the family economy, which creates a dilemma for social policy in Canada. Unemployed husbands with children have the lowest per-capita incomes. However, their relative incomes are quite high (i.e., two-thirds of household income, on average). Unemployed

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18 The smaller average household income of unemployed husbands with children would seem to be due in part to the low relative frequency of employed spouses in their families, by comparison with the families of unemployed wives with children, as described above. In addition, the average (median) number of hours worked per week by employed spouses of unemployed husbands with children was less than that of the employed spouses of unemployed wives with children (36 hours versus 40 hours).

wives with children, by comparison, have higher per-capita incomes, yet their relative incomes are extremely low. Must a policy choice therefore be made between improving material conditions for children in families with unemployed fathers, on the one hand, and strengthening the personal autonomy of unemployed wives, on the other hand? In the present study, the emphasis is upon analyzing the relative incomes of wives and husbands, which will therefore be described in more detail now.

Husbands generally earn a greater proportion of the household income than do wives. Only one in seven men (14.1 percent) in the 1997 COEP couples subsample said they contributed less than half of household income before their employment interruption. By comparison, three in five women (60.6 percent) reported contributing less than half of household income during the same period.

The pattern of relative incomes between men and women in couples appears to be remarkably stable, being changed only marginally by employment interruption or by unemployment. After an employment separation, the majority of men (81.6 percent) continued to supply half or more of household income, and the majority of women (69.7 percent) continued to make less than half. Even among unemployed men, the clear majority (70.1 percent) received half the household income or more. In contrast, the overwhelming majority of unemployed women (83.2 percent) received less than half the household income, especially if they had children (87.8 percent).

Although the direction of income inequality between spouses is very stable, it is nevertheless exacerbated by unemployment. Unemployed wives are in a weaker financial position than employed wives. This is reflected in their inferior position within the family economy and in the fact that they are more dependent upon their partners' incomes (see Table 3). Using data from COEP cohorts 4 to 7, it is possible to make tentative inferences about how the relative incomes of wives and husbands are affected by job separation and unemployment. One in five wives in these cohorts (20.9 percent) contributed half or more of household income before separating from their jobs, but they earned less than half the household income afterwards. A somewhat smaller proportion of husbands (13.1 percent) went through the same decline. Much of this deterioration in relative income was due to unemployment, in both genders. Among unemployed husbands in cohorts 4 to 7, 24.7 percent went from making half or more of household income to less than half, as did 29.4 percent of unemployed wives.

Most husbands (90.2 percent) and wives (68.9 percent) in the 1997 COEP couples subsample received enough income to cover their personal share of household expenses. However, that was not the case for unemployed wives. Uniquely, the majority of unemployed wives, whether with children (57.7 percent) or without children (58.6 percent), did not have enough income to pay their own expenses (Table 3). Unemployed wives were far more dependent upon their partners to meet their expenses than were wives who were employed. Only 18.9 percent of employed wives depended upon their husbands, but a full 58 percent of unemployed wives were financial dependants. A consequence may be that the personal autonomy of unemployed wives is more limited.

Economic Stress

Although most unemployed wives have to depend upon their husbands' incomes to get by, this does not necessarily mean that they are relatively deprived or that their personal material well-being suffers as a result. On the contrary, if both spouses share their incomes equally, then the financial circumstances of wives and husbands should rise and fall more or less simultaneously, in accordance with the changing economic fortunes of either partner.

Generally speaking, levels of subjective stress were almost identical between husbands and wives in the three cohorts from which this information was obtained. However, small differences were observed in the reasons given for being under stress, consistent with gender role expectations. Husbands somewhat more frequently gave employment or unemployment as causes of stress, whereas wives slightly more often cited family situations or financial matters as inducing stress. Employed wives with children (29 percent) and employed husbands with children (26.8 percent) were the most likely to say that their finances were a cause of stress. Other data (e.g., on housing affordability) suggest they were not in the worst financial conditions, which are mainly due to supporting children on a low income. It may be that some employed parents feel financially stressed because they have to make room in their budgets for the costs of childcare while they are at work.

An obvious precursor to economic stress in many cases is falling household income. In the 1997 COEP Survey, four cohorts were asked whether their total household income had gone up, gone down or stayed the same compared with the month before their job separation a year earlier. The most common response (from 38.2 percent) was to say that household income had stayed the same; but one-third (33 percent) stated that their household income had gone down. Not surprisingly, people who were still unemployed at the time of interview more often reported that their household income had fallen (Table 3). Unemployed husbands more frequently reported having a lower household income following a job separation than did unemployed wives. That is presumably because the personal earnings of the former had comprised a larger proportion of their total household income when they were employed.[19]

Only three in five husbands in the 1997 COEP couples subsample have an employed wife, but four in five wives have an employed husband. A fall in a husband's income due to unemployment must, therefore, on average have a bigger impact on the family economy than a comparable fall in a wife's income. The data suggest that unemployed men with dependent children are more in need since their total family income drops considerably. Unemployed women with children have relatively higher total family incomes, because wives with children are more likely than husbands to have an employed spouse. This would further suggest that husbands with dependent children are more likely to experience

19 Martin Browning (1998) reports from the 1995 COEP Survey that respondents who brought in a high fraction of household income before their job separation were more likely to report that the job separation led to economic hardship.

economic difficulties following the loss of a job. Children in families with unemployed fathers are likely to be worse off compared with those in families with unemployed mothers. There is an argument to be made here that this dimension of economic vulnerability justifies administering income insurance for the unemployed on the basis of family income.[20]

3.2 Two-Earner Families With Children

In principle, family income testing for the FS seems most likely to result in ineligibility for benefits and in reduced benefits among dual-earner couples with children. That is because high earnings by one spouse are presumed to indicate the existence of little genuine income need, and so there is little pressure to provide substantial income transfers for unemployed spouses in such families. Accordingly, in the next stage of the analysis we will narrow our focus to examine only those couples who had two earners in 1997.

For present purposes, two-earner families are defined as consisting of those members of the 1997 COEP couples subsample whose spouses were currently employed.[21] There were 8,839 respondents who fell into that category. Of these, the people who are of most interest are spouses in dual-earner couples with children. This group consists of 3,033 women and 2,327 men, for a total of 5,360 respondents in two-earner families with children. Of these persons, 892 unemployed wives in two-earner families with children will be the object of special attention next.

It appears from a comparison of Tables 2 and 4 that unemployed wives in two-earner families with children have median household incomes that are slightly higher than the norm for all unemployed wives with children ($2,632.00 versus $2,500.00). On the other hand, their median personal incomes are somewhat below the norm ($287.00 versus $320.00). As a result, they have median relative incomes that are extremely low (see Table 5). In fact, they are the lowest we have yet seen in this study, at a paltry 9.4 percent of household income. It is therefore not surprising to find that nearly three in five unemployed wives (58.8 percent) in two-earner families with children were financial dependants who were unable to cover their own share of household expenses, let alone contribute in a significant way to the maintenance of their children.

In cohorts 4 to 7, the percentage of unemployed wives with children in two-earner families who reported contributing less than half the household income prior to their employment separation is practically on a par with the percentage for all unemployed wives with

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20 It is also interesting to observe that the people in couples who most often report a drop in household income following a job separation are unemployed husbands with no children under age 18 at home (almost two-thirds; 65.2 percent). The most salient characteristic of this group is their high average age (median age = 53 years). For a relevant discussion, see Cheal and Kampen (1998).

21 This definition has the effect of excluding from the analysis those couples where both spouses were temporarily unemployed at the time of interview. While the present analysis of dual-earner couples is therefore technically incomplete, it does have the definite advantage of focusing on couples who are most likely to be negatively affected by the family income test for the FS benefit.

children (69.3 percent versus 68.9 percent). But subsequent to their employment separation, the percentage of these same unemployed wives with children in two-earner families who made less than half of household income was slightly greater than the figure for all unemployed wives with children (93.6 percent versus 87.8 percent). Over a quarter (27 percent) of unemployed wives in two-earner families with children, in cohorts 4 to 7, apparently contributed half or more of household income before their employment break, but then made less than half of household income after their employment break.

It is not implausible to suggest that the relationship between the COEP respondents and the EI system has contributed in some way to the outcomes noted above. Just over one-third (34.1 percent) of unemployed wives in two-earner families with children were receiving EI benefits at the time of interview; 27 percent had received EI benefits but been discontinued; 22.6 percent had been out of work for four weeks or more but were ineligible for EI benefits; and 4.8 percent had applied for EI benefits but did not receive them.

3.3 Family Income Size

Some unemployed parents in two-earner families with children are no doubt under greater economic stress than others, due to lower than average family income. Parents with low family incomes are of special policy interest, and they are the chosen targets of income support programs such as the CTB and the FS. It should, therefore, prove instructive to introduce family income size comparisons into the analysis at this point.

In order to facilitate meaningful income comparisons between a variety of social categories, the members of the 1997 COEP couples subsample were divided into five groups of equal size (i.e., quintiles), according to the amount of their total household income in the last four weeks before they were interviewed (see Table 2).[22] Dual-earner couples are normally better off than single-earner couples, and so there are fewer of the former in the bottom quintile of family income. Twelve percent of wives in two-earner families with children were in the bottom family income quintile, and only 9.6 percent of husbands in two-earner families with children were in the bottom income quintile.

There are, of course, important income differences between two-earner families where both spouses are currently employed and two-earner families where one spouse is employed and the other spouse is currently unemployed (Table 4). Among two-earner families with children, 33.8 percent of unemployed husbands were in the bottom quintile of family income, as were 22.8 percent of unemployed wives.

Individuals who have separated from their jobs and who fall into unequal household income quintiles differ in some predictable ways. Among two-earner couples with children, they also differ in ways that are not so well-known (see Table 7).

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[22] The lower and upper limits of the household income quintiles (past four weeks) in the 1997 COEP couples subsample are as follows: first quintile (bottom 20 percent), $0.00-$1,920.00; second quintile, $1,921.00-$2,700.00; third quintile, $2,701.00-$3,548.00; fourth quintile, $3,549.00-$5,000.00; fifth quintile (top 20 percent), $5,001.00 and over.

By definition, median household income size declines from the top household income quintile to the bottom household income quintile. Predictably, household income per capita also declines sharply, and, as we might expect, median personal income also falls from top to bottom. It is not surprising to find in this group of people, who had all experienced a job separation, that the percentage saying their household income had gone down was much greater for the lowest-income quintile than it was for the highest-income quintile.

It is perhaps not quite so obvious that among two-earner couples with children there is also a striking relationship between smaller household income size and individual inferiority within the family economy. Spouses in two-earner families with children who have recently experienced a job separation and who currently live in a household with a low total income tend to have a relatively minor financial status inside the household as well. They make a smaller proportion of the household income than do individuals in higher-income households. Also, many of them only just make enough to cover their personal share of household expenses, and more than two in five of them (44.1 percent) are financial dependants.

In the four COEP cohorts for which comparable data on relative income are available, individuals in two-earner families with children who were living in households with the lowest total incomes had most often undergone a deterioration in income relative to their spouses. Three in 10 (30 percent) of the valid respondents living in such households had contributed half or more of the household income before their job break, but then made less than half after it. Equivalent figures for the other quintiles are as follows: second quintile, 21.9 percent; third quintile, 25 percent; fourth quintile, 16.2 percent; and the fifth quintile, 10.5 percent.

Declining household fortunes seem to be related, in the lives of these respondents in two-earner families with children, to declining relative economic positions within the household. This is a suggestive finding. It indicates that attempts to alleviate individual declines in relative income need not be inconsistent with efforts to reduce drops in total household income.

One way of arresting income falls among individuals who have separated from their jobs is, naturally, through benefits provided by the EI program. Over a quarter (28.1 percent) of spouses in two-earner families with children, who had a job separation and who were in the lowest household income quintile were still receiving EI benefits at the time of interview, more than in any other income quintile (see Table 6). However, despite the comparatively great importance of EI benefits for these people, they were also less likely than individuals in higher income quintiles to receive EI benefits, when they were out of work for longer than the normal waiting period. More of them were ineligible for benefits, and when they applied for benefits their claims seem to have been turned down more often.

Husbands and wives in two-earner families with children who are in the lowest household income quintile face a challenging combination of economic circumstances. Nine in ten

(91.1 percent) of these spouses were out of work for four weeks or more following their job separation (Table 6). As expected, median household incomes were uniformly low. However, there were substantial variations in median personal incomes, and relative incomes within the household also varied considerably (see Table 8).[23]

The median personal income of unemployed wives in two-earner families with children who are in the lowest household income quintile would seem to have been extraordinarily low in 1997 at only $10.00 per week. While some of them had modest incomes, close to half (45.9 percent) had no personal income at all at the time of interview. As a consequence, their median relative income was a minuscule 2.4 percent of household income, in stark contrast to the relative incomes of employed wives and all husbands. The overwhelming majority of unemployed wives in two-earner families with children who are in the lowest household income quintile made less than half the household income after their employment separation. A clear majority of them (58.3 percent) were financial dependants. The median member of this group had a personal expenses deficit of $55.00 a week, which was presumably picked up by her husband, along with the full costs of raising their child(ren).

The data analysis presented here also raises some thought-provoking questions concerning children of unemployed parents in low-income families. One quarter (24.7 percent) of parents in two-earner couples with children who were in the lowest household income quintile were either ineligible for EI benefits or applied for them and did not receive them, although they were out of work for more than four weeks (Table 6).

3.4 Who Benefits from the EI Family Supplement?

Data from the 1997 COEP Survey are very informative about EI benefits filtering. With this knowledge in hand, a more precise evaluation of the impact of the FS can now be undertaken. Selected administrative data were therefore merged with the 1997 COEP couples subsample, in order to examine the effects of the criteria for receiving a FS upon individuals who have experienced an employment interruption. The FS statuses of people in different socio-economic categories will now be compared, in order to describe their levels of access to that particular feature of the EI program. The next set of objectives includes answering the following five questions:

1) What fraction of individual claimants in two-earner families with children are excluded from the FS?

2) Are more wives in these families excluded or more husbands?

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[23] By this point in the analysis, the frequencies of cases in certain categories have become quite small, but they are still adequate for the task. The data presented in Table 8, for spouses in two-earner families with children in the lowest household income quintile, are based upon the following numbers of respondents: unemployed wives, n = 180; employed wives, n = 189; unemployed husbands, n = 169; employed husbands, n = 134.

3) In those two-earner families with children where one spouse claims EI benefits, how many female claimants get additional income from the FS and how many male claimants get the FS?

4) Is there any evidence that the relative incomes of women in couples, or the extent of wives' financial dependence upon their husbands, are affected by exclusion from the FS?

5) Is there any information to suggest that the well-being of children might be affected by these patterns, for example, through low expenditures per capita on food or clothing in certain families?

The first point to make in partial answer to all of these questions is that any positive impact of the FS in two-earner families with children in our sample will be small, because not many of them received it. The majority of COEP respondents in two-earner families with children (56.3 percent) could not receive the FS, because they did not have an active EI claim following the date of FS implementation. Of the remainder who did have an active EI claim in 1997-98, 86.9 percent were excluded from the FS because no matching entitlement to the CTB was found. For a further 3.1 percent of EI claimants in two-earner families with children, a CTB match was found, but the FS was denied, presumably because family income was sufficiently high. In summation, less than half of COEP respondents in two-earner families with children received EI benefits after the start of 1997; and of those who did receive EI benefits 9 out of 10 did not receive the FS.

3.5 Gender and the Family Supplement

Prior to the introduction of the FS at the beginning of 1997, Human Resources Development Canada (HRDC) staff estimated that about two out of three people who received the supplement would be women (Human Resources Development Canada, 1996). That is considerably higher than the proportion of all EI beneficiaries who are women, which is about two out of five.[24] Data on all women and men in the COEP National Database show that, of those who received the FS from the beginning of 1997 through the middle of 1998, 56.7 percent were women. The overall gender difference in FS receipt is in the expected direction, but it is not as great as expected.

Clearly, women are expected to benefit more from the FS than men, presumably because women earn less than men on average, and because more unemployed women have co-resident children. The latter presumption is consistent with the data from the 1997 COEP couples subsample. Among wives who were still unemployed at the time of interview, 64.1 percent had children under age 18 living with them, but only 46.2 percent of husbands who were unemployed had co-resident children who were under 18. This raises

[24] In the period from July 1996 to June 1997, women comprised 43 percent of persons receiving EI benefits (Canada Employment Insurance Commission, 1998). This figure was up slightly from 42 percent in the period from July 1995 to June 1996. The comparable figure from the 1997-98 EI administrative data integrated with the 1997 COEP National Database is that 41.7 percent of persons who received EI benefits were women.

the question: Have wives in fact benefited more than husbands from the introduction of the FS?

The simple answer to the above question is no. Husbands were in fact more likely than wives to receive the FS in 1997-98. Among couples with children who were all under age 18, 5.0 percent of wives either had received or were currently receiving the FS, whereas the comparable figure for husbands was 6.8 percent (see Table 9). Of all those in the COEP couples subsample who received the FS at some point in 1997-98, 57.4 percent were husbands and 42.6 percent were wives.[25]

The picture is more complicated for the sub-group of two-earner couples with children. The most important point to make is that overall there is virtually no difference between these husbands and wives in the probability of receiving the FS (Table 9). However, it should also be noted that, among those who received the FS at some point in 1997-98, 61.8 percent are wives and only 38.2 percent are husbands. The explanation for this gender distribution of FS receipt appears to be that wives (60.9 percent) are more numerous than husbands (39.1 percent) among persons with a job separation in two-earner families with children.

Although the rate of FS take-up is basically the same for wives and husbands in two-earner families with children, it is interesting to observe that the reasons for this are not identical. Husbands are more likely than wives to be excluded from the FS because they are not eligible for this supplement to their EI benefits. On the other hand, wives are more likely than husbands to be excluded from the FS because they do not receive any EI benefits. It has been noted previously in this report that the factors that are of interest here can be influenced by patterns of EI eligibility.[26] For this reason, our study of the FS will continue to include the full range of cases, rather than focusing only on EI beneficiaries.

Among the husbands and wives in two-earner families with children who had an active EI claim during 1997-98, wives were less likely to be excluded from the FS than were husbands. More than 1 in 10 of the wives (11.3 percent) received the FS, but fewer than 1 in 10 of the husbands (8.3 percent) received the FS. Because wives in two-earner

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25 The different gender distributions of FS receipt for the COEP National Database and for the COEP couples subsample, are largely due to the presence in the former of female-headed sole parent families. One quarter (25.9 percent) of female single parents received the FS in 1997-98. Their high FS take-up rate was not due to an especially high level of EI usage, since more of them than of parents in couples with all children under age 18 never made an UI/EI claim during the 1990s (11.3 percent versus 7.3 percent). When female single parents made an EI claim, they were the most likely to meet the conditions for the FS. Only 1 in 10 female sole parents did not have a CTB match in HRDC's files, compared with 37.9 percent of parents in couples with all children under age 18.

26 Wives in two-earner families with children were slightly more likely than husbands to have received UI/EI benefits at least once during the 1990s. Only 6.6 percent of the wives never had an EI claim in this decade, compared with 8.3 percent of the husbands. In contrast, the wives were much more likely than the husbands to have made one or more claims in the period from 1990 through to the end of 1996, but to have had no active claim in 1997-98 (54.5 percent of wives in two-earner families with children versus 40.6 percent of husbands in two-earner families with children). It seems, on this evidence, that access to EI benefits by wives in two-earner families with children may have fallen relative to their husbands.

families with children were more likely than husbands to receive the CTB, they were also more likely to get the FS, if they had an active EI claim. However, since these wives were at the same time less likely than husbands to receive EI benefits, wives in two-earner families with children were in the end no more likely than husbands in two-earner families with children to have received the FS.

3.6 Family Income in Couples

The FS is targeted for individuals with low family income. The particular income base used to determine entitlement in both the CTB program and the EI program is the family's net income, as calculated in the previous year's income tax returns. A result of this particular method is that FS entitlement is based on recent family income, not on current family income. The FS can be expected to deliver an income supplement to families that fall toward the bottom end of the distribution of current household income, but these families will not necessarily be those with the very lowest current household incomes.

There would seem to be an inherent disadvantage in linking income support payments intended to meet current needs with the last available income tax returns. A better approach might be to provisionally de-link the FS benefit and income tax data, and to rely instead on income data reported by the claimant when an EI claim is made. The validity of self-reported income need could subsequently be verified from the following income tax returns, with clawback of any overpayments.

The distribution of current household income is presented in Table 10, for household income quintiles, based on total household income from all sources reported for the four weeks prior to interview. The equivalent annualized household income figures for each quintile are as follows: first quintile, $0.00-$24,960; second quintile, $24,970-$35,100; third quintile, $35,110-$46,120; fourth quintile, $46,130-$65,000; fifth quintile, $65,010 and greater. If the FS is an effective targeted income transfer program, then the highest take-up rate should be in the lowest two quintiles of current household income. Table 10 confirms that this is the case, although some individuals with average and above-average household incomes at the time of their COEP interview did receive the FS at some point in 1997-98.[27] The remainder of the report will focus on families in the bottom 40 percent of the household income distribution.

Among two-earner couples with children in the bottom two household income quintiles, the financial position of wives varies more in relation to the EI program than does that of

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27 It should be noted that there is a discrepancy between the data reported in the right-hand columns of Table 9 and the data in the lower panel of Table 10. The latter shows that husbands in two-earner families with children are more likely to receive the FS, but the former does not. This discrepancy seems to be due to the impact of missing data upon the figures given in Table 10. Table 9 should therefore be considered the more reliable of the two.

The figures in Table 10 (and similar data analyses) are affected by the fact that more wives in two-earner families with children who have missing household income data were FS recipients in 1997-98 (5.5 percent) than is the case among husbands in these families who have missing household income data (0.5 percent); and, the effect of this imbalance is compounded by the fact that more wives (16.9 percent) than husbands (9.9 percent) in two-earner families with children are missing household income data.

husbands (see Table 11 and Table 12). The largest differences tend to be between non-claimant wives and other wives. Wives in low-income two-earner families with children who did not have an active EI claim during 1997-98 had by far the lowest median personal incomes, in absolute terms as well as relative to their total household incomes. Most of them (55.6 percent) did not have enough income to meet their personal expenses at the time of the COEP interview. They therefore depended upon their spouses to help pay for their share of household costs. In contrast, wives in two-earner families with children who were in the lowest household income quintiles and who received the FS in addition to regular EI benefits had higher median personal incomes than other wives, in both absolute and relative terms. Fewer than one-third of them (29.1 percent)[28] were financial dependants.

The personal incomes of the majority of wives in two-earner couples with children in the bottom two household income quintiles, who made an EI claim in 1997/98 but who did not receive the FS, comfortably exceeded their share of household expenses, and they had the highest median household income per capita among two-earner couples with children in the lowest household income quintiles. [One third (33.4 percent) of these wives were financially dependent at the time of the COEP interview.] The comparatively advantageous position of most of these wives is to be expected, since in an income-tested program those who do not receive any benefit should be better off. It follows that wives in two-earner families with children who were in the bottom two household income quintiles and who made an EI claim but did not receive the FS, should have been able to spend more per capita on necessities like food and clothing than many other wives in low-income families. That expectation was confirmed in the present study (see Table 13).

3.7 Exclusion from the Family Supplement

The FS is delivered to families in need, but it is not clear how much difference it makes to the material well-being of children. Previous research suggests that it will have little effect on expenditures in two-parent families. Martin Browning (1998) has concluded, from his analysis of the 1995 COEP Survey, that the UI benefit scheme had no discernible effect on the household expenditures of married respondents. Variations in the income replacement rate apparently did not lead to variations in total expenditures among married couples. According to Browning: "There is very little evidence of a direct impact from benefit levels to changes in monthly expenditures." If that is the case, then the FS should not have much impact upon food and clothing expenditures in two-earner families with children.

Analysis of the 1997 COEP Survey suggests that the program rules governing access by wives to basic EI benefits and the FS are related to the amount of food and clothing expenditures in low-income two-earner families with children in the following way.

The households of wives with a job separation who were in two-earner families with children, whose household income level was in the bottom two quintiles, and who

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28 Caution: small number (n = 16).

received EI but did not qualify for the FS, spent more on food and clothing than did wives in other low-income households. They spent an average of $121.84 per capita on food, and $36.88 per capita on clothes, in the four weeks before their COEP interview (Table 13).[29] Similar households, but where the wife also received the FS, spent an average of $118.00 per capita on food, and $30.49 per capita on clothing. These figures tend to confirm that the FS is indeed being delivered to families that have a comparatively greater need for financial support.

The FS appears to be achieving its stated goal of softening the impact of EI changes on beneficiaries with children. When the families of non-EI claimants are included, however, the picture is not so encouraging. The households of wives in low-income two-earner families with children, who did not get the FS because they did not receive EI benefits, spent on average only $112.48 per capita on food, and $29.64 per capita on clothes, during the previous four weeks. The very lowest expenditures by two-earner couples on the necessities of food and clothing were in the households of *husbands* in two-earner families with children in the bottom two household income quintiles, who had a job separation but who did not have an active EI claim in 1997-98. These households spent an average of only $108.95 per capita on food, and $25.96 per capita on clothes, in the four weeks before the COEP interview in 1997.

The FS helps to support children in families that are more financially constrained following a job separation. But it does not help to support all of the families that are *most* constrained after an employment interruption, because many of them are excluded from receiving EI benefits. Presumably, some of these families will need support from other income transfer programs, such as provincial social assistance (Nakamura, Cragg and Sayers, 1994).

29 In comparison, the average household of all husbands in two-earner families with children who made an EI claim in 1997-98 spent $139.08 per capita on food, and $56.20 on clothing, in the four weeks prior to their COEP interview.

4. Conclusions

Within the limitations of the Employment Insurance (EI) program, the Family Supplement (FS) appears to be working much as expected. It delivers targeted income supports to a small number of families with children. Contrary to some fears, whether the FS is received by the mother or the father does not seem to make any difference to the amount of money spent on food (see Table 13). Furthermore, the amount of the mother's personal income is not a factor influencing food and clothing expenditures (see Appendix A). The evidence from this study suggests that income transfer programs that target payments to low-income couples with children will have a modest positive impact upon children's well-being, regardless of whether the transfer payment is received by the wife or not.

The main concerns addressed in this report have been about relative income in couples and financial dependence of wives upon husbands, in particular with respect to evaluating the influence of EI and the FS. Wives in low-income two-earner families with children, who receive the basic EI benefit following a job separation but who do not receive the FS, are slightly more likely to be financially dependent upon their husbands than are wives in low-income two-earner families with children who receive the basic EI benefit plus the FS after their job separation (33.4 percent versus 29.1 percent). There is an indication here, that concerns are warranted about increased dependency of wives in family income-tested transfer programs. (See also Appendix B.) However, the size of the effect of the FS program in 1997 does not seem to be large enough, on its own, to justify altering the FS component of EI. It is therefore not recommended that any changes should be made to the FS at this time.

Nevertheless, it should be kept in mind that the amount of the FS is scheduled to increase by 23 percent (from 65 percent to 80 percent), from 1997 through 2000. More wives who receive the FS will be lifted out of financial dependence, thus increasing the gap between them and wives who do not get the FS. This is something that should be monitored again.

Of more immediate concern is that fewer women than expected are receiving the FS. Adjustments to FS and/or to relevant general provisions of the EI program may be needed, if it is found that women who were expected to receive the FS but are not have been disadvantaged.

Another theme, referred to in several places in this report, is the consequences for some people of having no financial support from the EI program. Of course, EI is not intended to provide broad financial support for all individuals regardless of their attachment to the labour force. Nevertheless, further research on the question of benefits impact is suggested that takes into account reasons for non-receipt of benefits.

In general, any positive impact of the FS in two-parent families with children in our sample must have been small, because not many of them received the FS. Among those couples with children who had a job separation, and who were subsequently in the lowest

quintile of household income at their 1997 COEP interview, fewer than one in six (15.6 percent) received the FS between the start of 1997 and the middle of 1998 (see Table 10). Fewer wives (13.4 percent) than husbands (17.5 percent) seem to have received the FS in these families.

Exclusion from EI benefits is clearly an issue to be taken seriously in any account of low-income families in Canada today. Findings from this study include the observation that unemployed wives in two-earner families with children who fall in the bottom quintile of current household income have an extremely low median personal income. As a result, their median personal income as a proportion of household income (i.e., median relative income) is minute. A clear majority of these women are financial dependants, who cannot pay their per-capita share of household expenses.

The main reason for the very low financial status of wives in two-earner families with children who fall in the bottom household income quintile is that close to half of them report having no personal income at the time of interview. Any negative effect of the EI program upon their financial position must owe more to general processes of exclusion from all EI benefits than to any specific conditions of lack of entitlement to the FS. In conclusion, the analysis presented here suggests that fewer women are qualifying for FS because they are not qualifying for EI benefits. If more women are having difficulty qualifying for EI because of their pattern of employment, then their economic circumstances may be worsening as a result of exclusion from EI benefits. Further study of this issue is indicated.

Appendix A

The main focus of this report is on relative income and financial dependence in couples, considered as socio-economic factors that may affect the standards of living, social interactions and self-esteem of wives. In addition, as was noted in Section 2.3, it is possible that low relative incomes and financial dependence among wives might affect the level of their spending on other family members, especially children. Since the well-being of children is an important policy issue, some observations on this point are needed.

The 1997 Canadian Out of Employment Panel (COEP) Survey included questions on household expenditures, which were asked of four cohorts. Unfortunately, none of the information collected was specific to children. It is, therefore, not possible to say with any precision how much money is spent on children in particular types of families. However, it is possible to describe expenditures on the basic necessities of food, clothing and shelter for the household as a whole.

Table A-1 and Table A-2 report the mean amounts spent on food and clothing per capita, as well as the mean housing affordability index, for different families.[30] The housing affordability index is a measure of the degree of difficulty that a household has in paying for shelter. It also indicates the extent to which the magnitude of shelter costs limits the amount of money available to be spent on other household needs. Housing affordability is calculated here as the proportion of household income that is spent on rent, mortgage, property taxes and condominium fees. The mean score on the housing affordability index for the 1997 COEP couples subsample is 19.3 percent. A higher score is therefore indicative of above-average housing affordability problems. Any household that spends more than 30 percent of total income on shelter costs is conventionally assumed to be in great financial difficulty.

Families with children have greater housing affordability problems than families without children, and they also spend less per capita on food and clothing. In general, household spending patterns are more closely related to the presence or absence of children than they are to the distribution of incomes between spouses.

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30 COEP respondents' estimates of food and clothing expenditures by their households tended to be rounded to the nearest $50.00 or $100.00, producing clusters of cases at particular points in the frequency distributions for these variables. The mean, rather than the median, is therefore used as the measure of central tendency here, since the median can be unduly sensitive to such clustering when the number of cases is small.

The main difficulty with using the mean as the measure of central tendency is that it can be distorted by a few extreme values, or outliers. Therefore, upper and lower limits were set to the ranges of values, by top-coding and bottom-coding the data at two standard deviations above or below the mean for the 1997 COEP couples subsample. The same data adjustment procedure was used when calculating all correlation and regression statistics.

31 In Appendix A, relative income refers to the respondent's personal portion of household income at the time of interview, that is, after his or her employment break.

Housing affordability seems to be unrelated to the relative incomes of wives, but it does have a small relationship with the relative incomes of husbands ($r = -0.15$).[31] Households of husbands who earn less than half the household income after an employment separation have a little more difficulty paying their shelter costs than do comparable households (see Table A-1).

A somewhat higher correlation exists between personal expenses coverage (for which negative values imply financial dependence) and the housing affordability index ($r = -0.30$). The relationship is stronger among husbands ($r = -0.40$) than it is among wives ($r = -0.21$). The households of financially dependent husbands with children spent an average of 43.6 percent of household income on shelter costs (see Table A-2). However, despite their obvious economic stress,[32] food expenditures per capita in these households were not noticeably depressed.

Food expenditures per capita, and clothing expenditures per capita, do not appear to be affected much by degrees of relative income or by extent of personal expenses coverage, among wives or husbands. This is demonstrated by very low zero-order correlation coefficients.[33] Nevertheless, it should be pointed out that the households of dependent wives with children spend less per capita on food and clothing than any other household type (see Table A-2).

Finally, the amount of a wife's personal income is found to be unrelated to the amounts spent on food and clothing per capita in households with children. Although the zero-order correlation coefficients suggest a small positive relationship (+0.13 for food and +0.18 for clothing), multivariate analysis shows that there is no relationship when other factors are controlled (see Table A-3). Amount of household income is a factor influencing food and clothing expenditures in the families of wives with children, but the amount of the wife's personal income is not. The evidence from this study suggests that income transfer programs that target payments on low-income couples with children will have a modest positive impact upon children's well-being, regardless of whether the transfer payment is received by the wife or not.

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32 In declining order of severity: 20.3 percent of financially dependent husbands said that their lives were very stressful: 12.5 percent of wives who were not financially dependent said they had very stressful lives; 8.7 percent of financially dependent wives reported having very stressful lives; and 8.1 percent of husbands who were not financially dependent said their lives were very stressful.

33 The low correlations referred to here seem to be consistent with Martin Browning's (1998) observation that the links between personal income, household income and household expenditure are relatively weak.

Appendix B

A key finding of the present report is that there is an apparent dependency effect of the Family Supplement (FS) program. Wives in low-income two-earner families with children, who receive the basic Employment Insurance (EI) Benefit Rate following a job separation but who do not receive the FS, are slightly more likely to be financially dependent upon their husbands than are wives in low-income two-earner families who have children and who receive the basic EI benefit plus the FS after their job separation. This suggestive finding needs refinement, for two reasons.

In the first place, it is possible that the observed difference in degree of financial dependence between FS recipients and non-recipients may not in fact be due to the FS program as such, but to other factors that distinguish the two populations. In order to test for that possibility, it is necessary to control for other relevant factors in a multivariate analysis. A second concern is that in order to maximize the number of FS recipients for the purpose of calculating relative frequencies in the main report, it was decided not to match the incidence of benefit receipt as recorded in the EI administrative data with the incidence of current benefit receipt as recorded in the Canadian Out of Employment Panel (COEP) interviews. In order to conduct a precise test of the hypothesis that the FS program affects financial dependence among wives, the administrative data and the COEP data should be consistent, especially with respect to benefit timing. Therefore, the multivariate analysis reported in this appendix is conducted only for those individuals who were identified as receiving EI on two criteria: they had an active EI claim in 1997 according to the administrative data and they stated in their COEP interview that they were in current receipt of EI.

The factor from which the presence or absence of financial dependence is determined in this study is that of personal expenses coverage, and it is the latter variable that is used in the Ordinary Least Squares regression presented in Table B-1. The results show that when the factors of respondent's age, number of children, region of residence and size of household income are all controlled, the amount of FS received is positively related to the amount of personal expenses coverage. Wives in low-income two-earner couples with children, who currently receive EI and who also receive the FS, are able to pay more of their personal expenses out of their personal income than are such wives who receive EI but who do not get the FS. The relationship is not strong, however, and FS receipt is not a major determinant of personal expenses coverage among EI claimants.

Tables

TABLE 1
Relative Frequencies of EI Benefits Access by Spouses

	Wives				Husbands			
	Unemployed		Employed		Unemployed		Employed	
	With children	No children	With children	No children	With children	No children	With children	No children
EI Benefits Filtering	%	%	%	%	%	%	%	%
Out of work <4 weeks	—	—	38.6	42.5	—	—	41.1	39.4
Out of work 4+ weeks but ineligible	21.4	25.7	5.7	4.7	8.4	19.9	2.3	3.3
Out of work 4+ weeks and eligible, but did not apply	9.3	13.4	5.2	5.8	6.8	15.9	4.2	5.2
Applied, but did not receive EI	5.1	6.1	2.0	3.3	11.0	9.0	2.3	3.4
Received EI, but discontinued	28.0	22.9	42.1	34.9	19.8	22.2	42.2	39.5
Still receiving EI	35.1	29.0	6.3	8.7	50.5	31.7	7.9	9.2
Totals %	100.0	100.1	99.9	99.9	100.1	100.1	100.0	100.0

— Not reported; cell contains <30 cases.

TABLE 2
Median Income Levels and Relative Frequencies of Household Income Quintiles, for Spouses

	Wives				Husbands			
	Unemployed		Employed		Unemployed		Employed	
	With children	No children	With children	No children	With children	No children	With children	No children
Income Levels*	$	$	$	$	$	$	$	$
Personal income	320.00	485.00	1,400.00	1,400.00	1,300.00	1,300.00	2,500.00	2,300.00
Household income	2,500.00	2,000.00	3,500.00	3,200.00	2,000.00	2,000.00	3,500.00	3,600.00
Household income per capita	666.67	1,000.00	966.67	1,600.00	500.00	1,000.00	938.75	1,800.00
Personal expenses coverage amount**	-174.67	-163.50	750.00	500.00	762.00	487.50	1,891.33	1,300.00
Household Income Quintiles	%	%	%	%	%	%	%	%
First quintile	29.7	46.3	9.5	16.0	47.9	46.6	10.4	15.2
Second quintile	26.4	16.9	18.8	19.8	23.8	20.4	21.0	16.6
Third quintile	19.1	16.6	24.2	23.7	14.2	14.4	20.0	16.9
Fourth quintile	18.9	12.0	21.5	17.8	8.8	10.5	22.4	26.9
Fifth quintile	5.9	8.2	26.0	22.7	5.3	8.2	26.2	24.5
Totals %	100.0	100.0	100.0	100.0	100.0	100.1	100.0	100.1

* Income refers to all income in the past four weeks.
** Personal expenses coverage amount refers to the amount by which personal income exceeds personal expenses (amount may be negative).

TABLE 3
Percentages of Spouses With Specific Income Characteristics and Their Median Relative Income Proportions

	Wives				Husbands			
	Unemployed		Employed		Unemployed		Employed	
	With children	No children	With children	No children	With children	No children	With children	No children
	%	%	%	%	%	%	%	%
Household Income Down[1]	48.0	48.5	25.5	27.2	55.7	65.2	22.5	24.0
<Half Household Income Before Job Break[1]	68.9	57.0	59.6	56.7	12.5	14.1	10.7	19.6
<Half Household Income After Job Break	87.8	74.3	66.7	58.2	31.0	28.8	13.3	17.6
Financial Dependence	57.7	58.6	15.9	23.7	21.4	30.3	2.7	8.0
Relative Income (median %)	13.9	26.7	40.0	45.1	66.7	66.7	75.0	69.2

[1] Data from four cohorts only.

TABLE 4
Median Income Levels and Relative Frequencies of Household Income Quintiles, for Spouses in Two-Earner Couples With Children

	Wives		Husbands	
	Unemployed	Employed	Unemployed	Employed
Income Levels*	$	$	$	$
Personal income	287.00	1,400.00	1,350.00	2,500.00
Household income	2,632.00	3,600.00	2,412.00	4,000.00
Household income per capita	725.00	1,000.00	625.00	1,085.25
Personal expenses coverage amount**	-200.00	733.33	818.67	1,833.33
Household Income Quintiles	%	%	%	%
First quintile	22.8	7.1	33.8	4.6
Second quintile	29.2	16.7	28.5	15.6
Third quintile	19.3	25.4	20.6	19.5
Fourth quintile	21.9	22.8	8.3	24.6
Fifth quintile	6.8	28.1	8.8	35.7
Totals %	100.0	100.1	100.0	100.0

* Income refers to all income in the past four weeks.
** Personal expenses coverage amount refers to the amount by which personal income exceeds personal expenses (amount may be negative).

TABLE 5
Percentages of Spouses With Specific Income Characteristics and Their Median Relative Income Proportions, for Spouses in Two-Earner Couples With Children

	Wives		Husbands	
	Unemployed	Employed	Unemployed	Employed
	%	%	%	%
Household Income Down[1]	46.9	23.9	51.7	24.4
<Half Household Income Before Job Break[1]	71.8	62.4	18.2	15.5
<Half Household Income After Job Break	92.2	71.4	45.1	19.6
Financial Dependence	58.8	17.1	21.9	2.6
Relative Income (median %)	9.4	40.0	53.4	63.1

[1] Data from four cohorts only.

TABLE 6
Relative Frequencies of EI Benefits Access by Spouses in Two-Earner Couples With Children, in Household Income Quintiles

	Household Income Quintiles				
	First	Second	Third	Fourth	Fifth
EI Benefits Filtering	%	%	%	%	%
Out of work <4 weeks	8.9	19.7	28.6	33.3	47.8
Out of work 4+ weeks, but ineligible	18.3	10.9	6.5	5.8	3.2
Out of work 4+ weeks and eligible, but did not apply	5.0	5.7	8.6	6.8	4.1
Applied, but did not receive EI	6.4	—	2.1	—	3.4
Received EI, but discontinued	33.3	36.4	37.0	39.1	38.1
Still receiving EI	28.1	25.5	17.3	12.2	3.5
Totals %	100.0	100.0	100.1	100.1	100.1

— Not reported; cell contains <30 cases.

TABLE 7

Median Income Levels, Percentages With Specific Income Characteristics and Median Relative Income Proportions, for Spouses in Two-Earner Couples With Children, in Household Income Quintiles

	Household Income Quintiles				
	First	**Second**	**Third**	**Fourth**	**Fifth**
Income Levels*	**$**	**$**	**$**	**$**	**$**
Personal income	485.00	960.00	1,400.00	1,900.00	3,000.00
Household income	1,500.00	2,400.00	3,100.00	4,000.00	6,000.00
Household income per capita	366.67	662.50	875.00	1,050.00	1,700.00
Personal expenses coverage amount**	100.00	400.00	733.33	1,125.00	2,166.67
Income Characteristics	**%**	**%**	**%**	**%**	**%**
Household income down[1]	47.3	41.4	37.8	24.9	9.4
<Half household income before job break[1]	35.5	49.2	48.1	46.3	44.8
<Half household income after job break	60.0	61.0	62.1	53.4	46.6
Financial dependence	44.1	29.5	19.0	18.7	7.7
Relative Income (median %)	34.7	40.0	42.9	47.4	50.0

* Income refers to all income in the past four weeks.
** Personal expenses coverage amount refers to the amount by which personal income exceeds personal expenses (amount may be negative).
1 Data from four cohorts only.

TABLE 8

Median Income Levels, Percentages With Specific Income Characteristics and Median Relative Income Proportions, for Spouses in Two-Earner Couples With Children, in the Lowest Household Income Quintile

	Wives		Husbands	
	Unemployed	Employed	Unemployed	Employed
Income Levels*	**$**	**$**	**$**	**$**
Personal income	40.00	600.00	750.00	800.00
Household income	1,500.00	1,500.00	1,400.00	1,450.00
Household income per capita	375.00	400.00	333.33	360.00
Personal expenses coverage amount**	-220.00	175.00	300.00	466.67
Income Characteristics	**%**	**%**	**%**	**%**
Household income down[1]	49.3	36.7	60.1	46.8
<Half household income before job break[1]	48.2	56.2	—	—
<Half household income after job break	81.9	58.3	46.9	22.8
Financial dependence	58.3	38.4	44.0	—
Relative Income (median %)	2.4	41.4	57.1	66.7

— Not reported; cell contains <30 cases.
* Income refers to all income in the past four weeks.
** Personal expenses coverage amount refers to the amount by which personal income exceeds personal expenses (amount may be negative).
1 Data from four cohorts only.

TABLE 9
Relative Frequencies of FS Access by Spouses, in All Couples With Children and in Two-Earner Couples With Children

	All Couples With Children		Two-Earner Couples With Children	
	Wives	Husbands	Wives	Husbands
FS Filtering	%	%	%	%
No EI claim in 1997-98	60.5	48.4	61.1	48.9
No CTB match	32.4	43.6	32.7	46.2
CTB match, but no FS	2	1.2	1.8	—
Received FS, but terminated	3.6	4.2	3.2	3
Still receiving FS	1.4	2.6	1.2	1.3
Totals %	99.9	100	100	100

— Not reported; cell contains <30 cases.

TABLE 10
Percentage of Spouses Ever Receiving FS, in All Couples With Children and in Two-Earner Couples With Children, by Household Income Quintiles

	Household Income Quintiles				
	First	Second	Third	Fourth	Fifth
	%	%	%	%	%
All Couples With Children					
Wives	13.4	8.1	—	—	—
Husbands	17.5	13.0	4.3	—	—
All spouses	15.6	10.6	3.0	1.4	—
Two-Earner Couples With Children					
Wives	10.3	8.7	—	—	—
Husbands	14.2	12.4	—	—	—
All spouses	11.7	10.1	2.3	—	—

— Not reported; cell contains <30 cases.

TABLE 11

Median Relative Income and Median Personal Expenses Coverage Amount of Spouses in Two-Earner Couples With Children in the Bottom Two Household Income Quintiles, for EI Claimants With and Without FS, and for Non-EI Claimants

	Wives	Husbands
Relative Income (median %)		
Non-claimants	16.36	66.67
Claimants, no FS	35.00	60.00
Claimants, FS	36.11	68.35
Personal Expenses Coverage Amount (median $)*		
Non-Claimants	-114.00	750.00
Claimants, no FS	223.50	818.67
Claimants, FS	170.00	612.50

* Personal expenses coverage amount refers to the amount by which personal income exceeds personal expenses (amount may be negative).

TABLE 12

Median Personal Income and Median Household Income Per Capita of Spouses in Two-Earner Couples With Children in the Bottom Two Household Income Quintiles, for EI Claimants With and Without FS, and for Non-EI Claimants

	Wives	Husbands
Personal Income (median $)*		
Non-claimants	287.00	1,236.00
Claimants, no FS	634.00	1,260.00
Claimants, FS	700.00	1,360.00
Household Income Per Capita (median $)*		
Non-Claimants	533.33	520.00
Claimants, no FS	625.00	566.67
Claimants, FS	550.00	600.00

* Income refers to all income in the past four weeks.

TABLE 13

Mean Food and Clothing Expenses Per Capita of Spouses in Two-Earner Couples With Children in the Bottom Two Household Income Quintiles, by Claimant Status

	Food per Capital		Clothing per capita	
	Wives	Husbands	Wives	Husbands
	$	$	$	$
Claimant Status				
Non-claimants	112.48	108.95	29.64	25.96
Claimants	120.85	127.85	35.23	46.25
No FS	121.84	130.33	36.88	44.96
FS	118.00	117.05	30.49	51.85

TABLE A-1

Mean Household Expenses by Spouses' Relative Incomes, for Families With and Without Children[1]

	Wives				Husbands			
	Less than half household income		Half or more household income		Less than half household income		Half or more household income	
	With children	No children	With children	No children	With children	No children	With children	No children
	$	$	$	$	$	$	$	$
Food Per Capita*	127.27	168.03	123.12	152.92	132.32	166.35	125.39	175.36
Clothing Per Capita*	40.63	51.57	45.83	46.16	50.58	61.08	42.53	61.86
Housing Affordability (mean %)**	20.94	16.49	22.71	20.41	26.29	21.21	19.34	15.03

[1] Data from four cohorts only.
* Food and clothing expenses refer to expenses in the past four weeks.
** Housing affordability refers to annualized housing expenses as a proportion of annualized household income.

TABLE A-2

Mean Household Expenses by Spouses' Financial Dependence, for Families With and Without Children[1]

	Wives				Husbands			
	Dependent		Not dependent		Dependent		Not dependent	
	With children	No children	With children	No children	With children	No children	With children	No children
	$	$	$	$	$	$	$	$
Food Per Capita*	120.05	167.84	129.19	161.54	126.60	177.57	126.18	173.32
Clothing Per Capita*	38.04	51.15	44.01	48.25	39.54	55.57	44.25	63.23
Housing Affordability (mean %)**	26.98	22.18	19.34	16.39	43.57	26.19	19.32	15.39

[1] Data from four cohorts only.
* Food and clothing expenses refer to expenses in the past four weeks.
** Housing affordability refers to annualized housing expenses as a proportion of annualized household income.

TABLE A-3

Regression of Food and Clothing Expenditures Per Capita for Wives in All Couples With Children

	Beta Coefficients	
	Food[1]	Clothes[2]
Wife's Age	+0.17**	+0.00
Two or More Children	-0.20**	+0.01**
Atlantic Region	-0.04**	+0.06**
Personal Income	+0.02**	-0.00
Household Income	+0.16**	+0.31**
Adjusted R Square	0.09	0.09

Notes: *Statistically significant at p=0.05.
** statistically significant at p=0.01.
[1]N = 1,933
[2]N = 1,935

TABLE B-1

Regression of Personal Expenses Coverage Amount for Wives in Low-Income Two-Earner Couples With Children and Who Currently Receive EI[1]

	Beta Coefficient
FS Receipt	+0.107**
Age	-0.414**
Two or More Children	+0.311**
Atlantic Region	+0.102**
Household Income	+0.033**
Adjusted R Square	0.289

Notes: * Statistically significant at p=0.05.
** statistically significant at p=0.01.
[1]N = 137.

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